

Facts About SB 553

SENATE TAXATION

EXHIBIT NO. 5DATE 3-20-07BILL NO. SB-553

Background

- Recruiting and retaining primary care physicians in Montana's rural communities is increasingly difficult.
- Graduates from medical schools often have student loan debt that exceeds \$100,000 – and in an increasing number of cases, \$200,000. These students are looking for the best deal possible for paying off that debt.
- States surrounding Montana offer more generous physician loan repayment programs – leaving Montana at a competitive disadvantage in recruiting physicians.
- The Montana Rural Physician Incentive Program – MRPIP – is a proven model for recruitment. It will be even more effective if the loan repayment amount is raised.

Key Provisions

- SB 553 increases the amount of loan repayment available to physicians who practice in rural and underserved areas from \$45,000 over five years to \$100,000 over five years.
- The increased loan repayment amount is paid for by:
 - An increase in the current surcharge paid by students in the WWAMI and WICHE medical school programs.
 - A phase out of the physician tax credit, with the tax expenditure from the tax credit diverted to the MRPIP loan repayment program.
- The student surcharge increase doesn't take effect until September 2008, to ensure that students accepted into the program in 2007 aren't faced with an unexpected fee increase.
- The increased loan repayment amounts take effect beginning in July 2009.
- Physicians currently taking advantage of the physician tax credit will be allowed to complete their use of this program. Physicians will not be eligible to begin taking the credit after 2007.

Why SB 553 is a Good Bill

- MRPIP is an effective tool for recruiting and retaining physicians.
- SB 553 should be budget neutral for the state's general fund.